

REALTORS® CONFIDENCE INDEX SURVEY

December 2021

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

REALTORS® CONFIDENCE INDEX SURVEY

Housing Market Slows Somewhat in December, but First-time Buyers Appear to Be Locking in Before Rates Rise

The REALTORS® Confidence Index (RCI) survey gathers on-the-ground information from REALTORS® based on their real estate transactions in the month. This report presents key results about November 2021 market transactions.

REALTORS® reported a slight slowdown in their transactions in December compared to the prior month and one year ago. The REALTORS® Buyer Traffic Index decreased to 59 (60 in the prior month; 71 one year ago). The REALTORS® Seller Traffic Index also decreased to 37 (40 in the prior month; 39 one year ago). An index below 50 means 'weaker' conditions during the month compared to one year ago.

The average number of clients taken on a home tour declined to 3.5 tours (4.0 in the prior month; 3.6 one year ago). The average number of listings also declined to 1.3 (1.6 in the prior month; 1.3 on year ago). However, with demand still outpacing supply, there were nearly four offers (3.8) on a home sold in December (3.8 in the prior month; 3.5 one year ago).

Properties typically stayed on the market for shorter days compared to one year ago, at 19 days (18 days in the prior month, 21 days one year ago), but the difference has narrowed compared to the 2-week difference at the beginning of the year. A lower fraction of properties sold within a month, at 73% (83% in the prior month; 70% one year ago).

The share of first-time buyers increased to 30% compared to the prior month, just slightly below the level one year ago (26% in the prior month, 31% one year ago). The uptick in first-time buyer share could be due to seasonal demand but could also be due to buyers locking in at lower mortgage rates before rates rise further (mortgage purchase applications on a seasonally adjusted basis increased in December compared to November according to Mortgage Bankers Association data). The share of FHA loans to mortgage financing also slightly increased to 13% (11% in the prior month, 14% one year ago). The fraction of buyers who were renting prior to a home purchase also rose to 38% (36% in the prior month; 41% one year ago).

First-time buyers continue to compete against cash buyers and investors. The share of cash sales slightly remains elevated compared to one year ago, at 23% (24% in the prior month, 19% one year ago). The share of purchases for investment rental also remains elevated compared to one year ago, at 17% (15% in the prior month; 14% one year ago).

Over the next three months and as mortgage rates rise, a lower fraction of respondents expect stronger market activity on a year-over-year basis than this time last year, at 41% (55% one year ago). Thirty percent of respondents expect higher seller traffic in the next three months on a year-over-year basis, about the same as last year (31% one year ago).

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December 2021 REALTORS® Confidence Index Survey Highlights

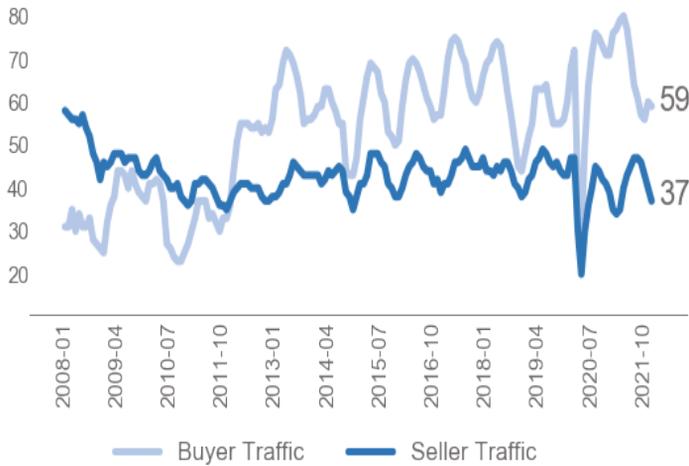
Key Market Indicators	Dec-21	Nov-21	Dec-20
RCI Buyer Traffic Index /1	59	60	71
RCI Seller Traffic Index /1	37	40	39
RCI Buyer Traffic Index: 3-Month Outlook /1	65	61	74
RCI Seller Traffic Index: 3-Month Outlook /1	53	49	53
Median days on market	19	18	21
Percent of properties sold in less than 1 month	79	83	70
First-time homebuyers, as percent of sales	30	26	31
Sales for non-primary residence use, as a percent of sales /2	17	15	14
Sales intended for vacation use, as a percent of sales /2	5	5	6
Cash sales, as percent of sales	23	24	19
Distressed sales, as percent of sales	1	1	1
Market Outlook	Dec-21	Nov-21	Dec-20
Percent of respondents who expect a year-over-year increase in buyer traffic in next 3 months	41	35	55
Percent of respondents who expect a year-over-year increase in seller traffic in next 3 months	30	23	31
Expected year-over-year percent change in home prices in the next 12 months	3.5	1.9	2.0
Percent of respondents who had a potential buyer looking for work-from-home features	56	56	56
Percent of respondents who reported observing a higher share of clients who live in the city who want to purchase a property in the suburb or rural area compared to January 2020	28	29	37
Other Market Indicators	Dec-21	Nov-21	Dec-20
Average number of offers received on the most recent sale	3.8	3.8	3.5
Percent of bid offers above the list price	44	40	-
Average number of prior buyer offers before closing on current home purchase	2	2	-
Average number of clients taken on a home tour by agent /3	3.5	4.0	3.6
Average number of new listings in the month per agent	1.3	1.6	1.3
Percent of buyers who were renting before purchasing a home	38	36	41
Percent of first-time buyers who put down less than 20% down payment	71	72	68
FHA loans as a percent of buyers who obtained mortgage financing	13	11	14
Percent of buyers who waived inspection contingency	19	19	-
Percent of buyers who waived appraisal contingency	21	21	-
Percent of buyers who purchased property based on virtual tour/showing/open house only	9	8	6
Percent of sellers who sold property based on virtual tour/showing/open house only	4	4	4
Percent of buyers who purchased in a suburban, small town, rural, or resort area	86	88	84
Percent of sellers represented by Realtors® who sold the property to an iBuyer	2	2	-
Percent of sellers who had been renting out the property	22	18	19
Median tenure in the primary residence among sellers	11	10	10
Median days to close	30	30	30
Percent of contracts in the past 3 months that were terminated	6	6	6
Percent of contracts in the past 3 months that had delayed settlement	24	24	30
Percent of contracts with a delayed settlement that had appraisal issues	22	23	21

/1 An index greater than 50 means a higher fraction of respondents reported "stronger" than "weaker" conditions compared to one year ago.

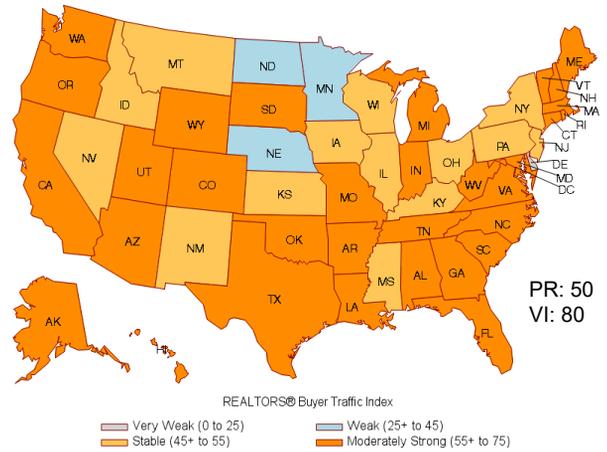
/2 Non-primary residence use refers to vacation use or residential rental.

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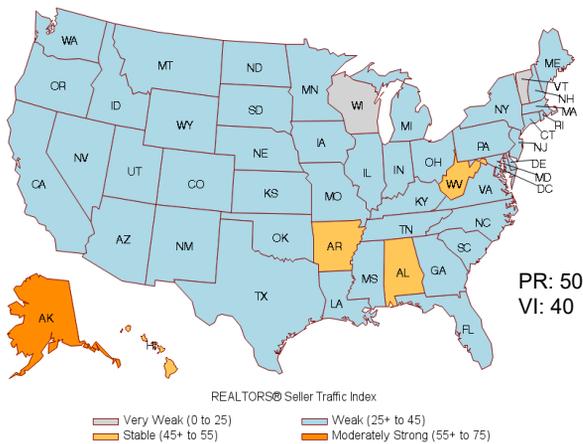
REALTORS® BUYER AND SELLER TRAFFIC INDICES



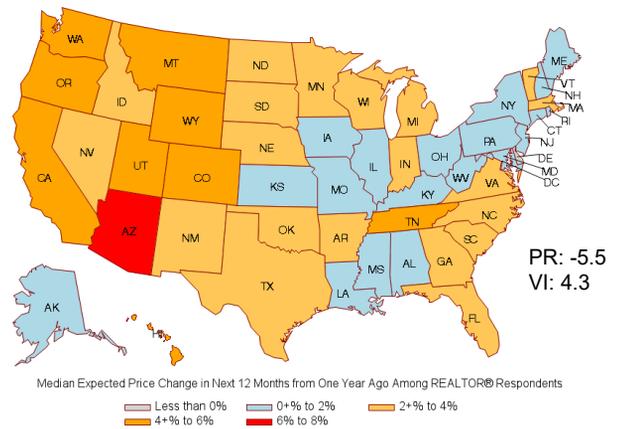
REALTORS® BUYER TRAFFIC INDEX



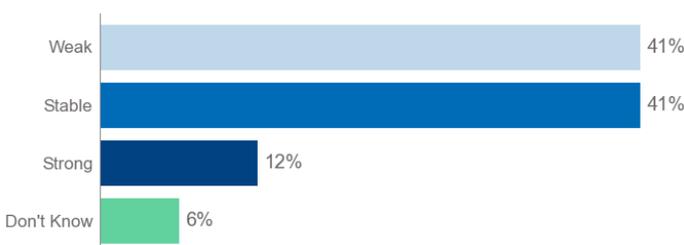
REALTORS® SELLER TRAFFIC INDEX



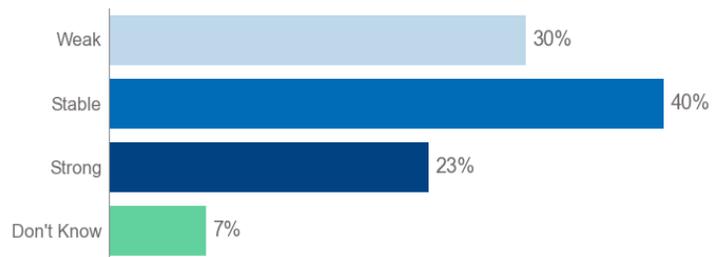
REALTORS® MEDIAN EXPECTED PRICE CHANGE WITHIN THE NEXT 12 MONTHS, Y/Y PERCENT CHANGE



REALTORS® EXPECTATION ON BUYER TRAFFIC WITHIN THE NEXT 3 MONTHS



REALTORS® EXPECTATION ON SELLER TRAFFIC WITHIN THE NEXT 3 MONTHS

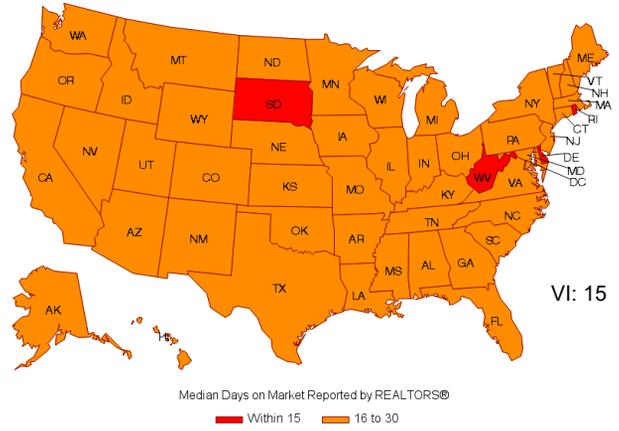


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MEDIAN DAYS ON THE MARKET



MEDIAN DAYS ON THE MARKET BY STATE



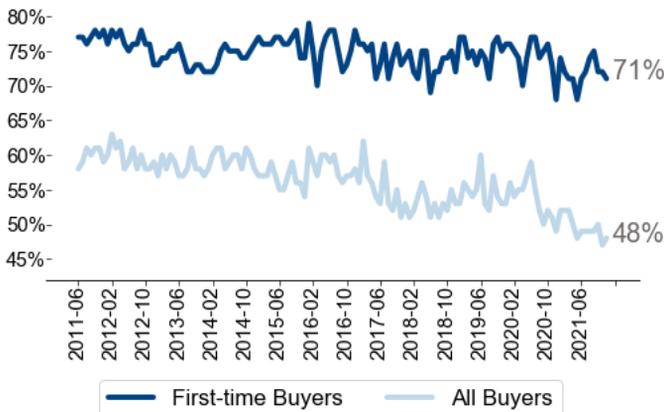
FIRST-TIME BUYERS AS PERCENTAGE OF RESIDENTIAL SALES



CASH SALES AS PERCENTAGE OF RESIDENTIAL SALES



NON-CASH BUYERS WHO PUT DOWN LESS THAN 20 PERCENT FOR DOWN PAYMENT



DISTRESSED PROPERTY SALES BY PROPERTY TYPE

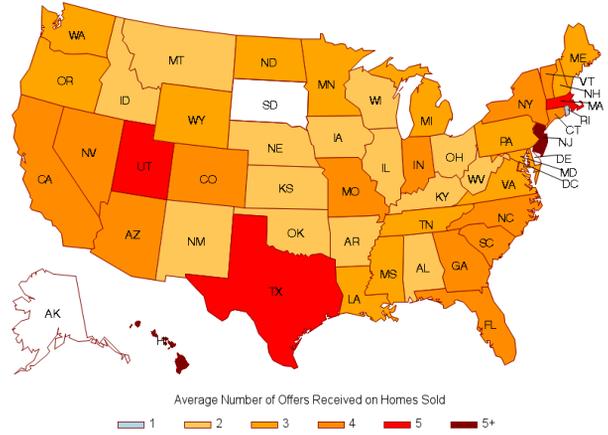


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AVERAGE NUMBER OF OFFERS RECEIVED ON THE MOST RECENT CLOSED SALE



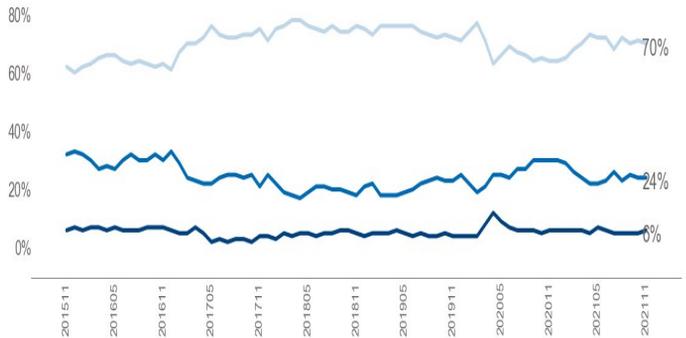
AVERAGE NUMBER OF OFFERS RECEIVED ON MOST RECENT SALE REPORTED BY REALTORS®



AVERAGE NUMBER OF CLIENTS TAKEN ON A HOME TOUR BY AGENT

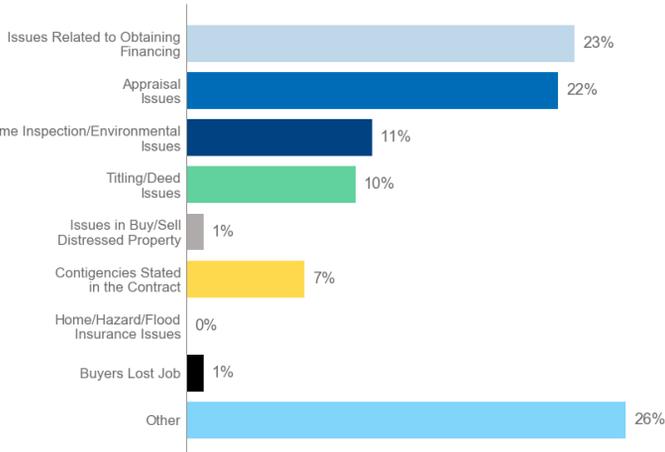


CONTRACT SETTLEMENT

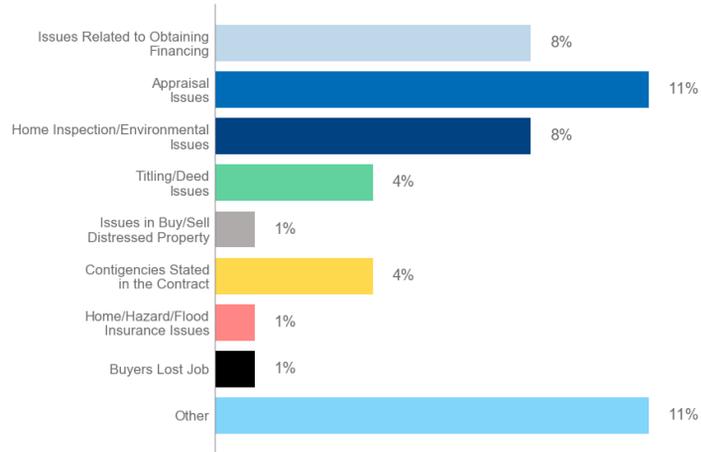


— Contract Was Settled on Time — Contract Was Delayed but Eventually Went into Settlement — Contract Was Terminated

PROBLEMS ENCOUNTERED FOR DELAYED CONTRACT



PROBLEMS ENCOUNTERED FOR TERMINATED CONTRACTS¹



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About the RCI Survey

- The *RCI Survey* gathers information from REALTORS® about local market conditions based on their client interactions and the characteristics of their most recent sales for the month.
- The December 2021 survey was sent to 50,000 REALTORS® who were selected from NAR's more than 1.5 million members through simple random sampling and to 4,457 respondents in the previous three surveys who provided their email addresses.
- There were 3,305 respondents to the online survey which ran from January 3-10, 2022, of which 1,723 had a client. Among those who had a client, the survey's maximum margin of error for proportion estimates is two percent at the 95 percent confidence level. The margins of error for subgroups are larger.
- NAR weights the responses by a factor that aligns the sample distribution of responses to the distribution of NAR membership.

The *REALTORS® Confidence Index* is provided by NAR solely for use as a reference. Resale of any part of this data is prohibited without NAR's prior written consent. For questions on this report or to purchase the RCI series, please email: Data@realtors.org

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The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.4 million members, including NAR’s institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Working for America’s property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

NATIONAL ASSOCIATION OF REALTORS®

RESEARCH GROUP

The Mission of the National Association of REALTORS® Research Group is to collect and disseminate timely, accurate and comprehensive real estate data and to conduct economic analysis in order to inform and engage members, consumers, and policymakers and the media in a professional and accessible manner.

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